REMARKS

The Office Action addresses claims 1-2 of United States Application No. 10/551,560

(hereafter "No. 10/551,560"). Three categories of rejections were proposed on pages 2-5

of the Office Action.

Description Of The Claimed Invention

This invention is to diagnose the intellectual potentialities and intrinsic value which

are embedded in organizations as organizational capabilities. They are not necessarily

reflected in financial performance nor financial value, but as a result of the long term

learning and adaptation, have a potential for a company to change itself, by integrating

intellectual activities.

ISSUE I

In rejecting claim 1, the Office Action states that, under 35 U.S.C. 112, second

paragraph, as being indefinite for failing to particularly point out and distinctly claim the

subject matter which applicant regards as the invention.

This claim is to recite the limitation of the scope as" the strategic positioning of

companies in specific categories of business under the competitive and uncertain

condition within an identified domain of industry which is classified based on the

identified classification of Nikkei Economic Electronic Database System (to be

shortened, NEEDS)." The claim is to express this limitation by calculating standard

deviations of the factors of the specific categories of business within an identified domain

of industry tied to an identified classification of NEEDS. NEEDS is a database system

which was created, and is administered exclusively, by Nikkei Inc. and Nikkei Digital Media Inc.

In calculating the Intelligence Value Index, the identification of a domain of industry has a crucial meaning, since listed companies diversify towards various fields with diversified capabilities including technological capabilities. If the identification is not appropriate, the result will become misleading, and even harmful to both third parties and companies. For example, results will be completely different when we identify a company as a textile/ceramic company whose current business priority is in electrochemistry, even if it started as a textile company in the past. It is to be noted that Nikkei Inc. and Nikkei Digital Media Inc. periodically review NEEDS data and renew and reorganize them including identifying business classification of companies.

In the identified business domain, companies seek their advantageous position. However, their rival companies also seek their advantageous position. Although they target their position strategically, the competition structure can change owing to rival companies' behaviors and power of buyers and suppliers. Thus, the companies target their position in their identified domain in a competitive and uncertain environment.

In order for a claim to express the above intention, applicants modify the claim, and replace the old claim with the new one as mentioned later.

ISSUE 2

In rejecting claims 1-2 under 35 U.S.C. 101, the Office Action contends that applicants' method steps are not tied to a machine and can be performed without the use of a particular machine. The applicants respectfully submit that applicants' method steps cannot or should not be used without the use of NEEDS machine. Or the method steps

should not be used without the use of NEEDS machine with a necessary modification, if any, with a permission of Nikkei Inc. and Nikkei Digital Media, Inc. This specific tie to NEEDS machine is essential. Every step to process categories of business is combined with the identified industry tied to NEEDS identification of classification. To specify strategic positioning of categories of business within an identified domain of industry, the identification of domain of industry are tied to identified classification of NEEDS.

Applicants understand that the original aim of the "mental step" doctrine is to preclude such situation that "merely working through the claimed procedure in one's head would be an infringement."(Merges, R.P. and J.F. Duffy, patent law and policy: Cases and Materials, 2007). On the other hand, applicants do not intend to claim a thought process.

Applicants' intention to apply the invention is to preclude misleading presentation of results by method steps which does not tie to NEEDS machine in identifying the domain of industry classification. Applicants' method steps are tied to a particular machine and cannot be performed without the use of a particular machine. To express the tie to NEEDS machine, applicants modify the claims, and replace old claims with new ones as mentioned later.

ISSUE 3

In rejecting claims 1-2 under 35 U.S.C. 103, the Office Action states that they are unpatentable over Eder (US Patent no 6,321,205) in view of Sakui et al (US 2003120577) and further in view of Ouimet (US Patent no 6,988,076). Applicants respectfully submit that the scope and content of applicants' claims are different from those of the prior arts, and it would not have been obvious to a person of ordinary skill in

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the art to modify the disclosure of Eder and Sakui to incorporate the teaching of Ouimet for the purpose of determining the costs and benefits of various possible strategic objectives.

Applicants' scope of the invention is to diagnose the organizational capability to "change itself" within a mid-long term by the applied index which integrates companies' strategic positioning of intellectual activities in a competitive and uncertain environment wherein categories of business are processed being tied to the NEEDS identification. This organization capability to change itself is rather similar to the concept of "dynamic capability," but is also different in 1) not necessarily being path dependent, 2) positioning a diagnosing person on the interface of a company and the markets, and 3) limiting its scope as a "potentiality," in a sense that a company's efforts in an early stage innovation are also appreciated. (Cf. Dynamic capability is "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments." See, Teece, D. J., G. Pisano, et al. (1997). "Dynamic Capabilities and Strategic Management.")

Therefore, the "value" in this invention is also "intrinsic" one which is combined with the above index. The intrinsic value in this invention is a value in which all intellectual activities in the scope of the invention were fully integrated, and which is not, or will not be, necessarily reflected in a company's financial value nor performance. In this sense, the intrinsic value in this invention implies the needs for companies' long term learning and adaptation which will be reflected in outcomes such as organizational change, but will not be necessarily reflected in the future value.

Eder's scope of invention is a data processing system which estimates contributions to a "value" of operation of an enterprise. The content also teaches the "future value" of an enterprise. On the other hand, the scope and content of applicants' invention is 1) the "index of enterprise's organizational capability" to innovate, or change itself, by integrating intellectual activities, and 2) the "intrinsic value" combined with the said index. These capability and intrinsic value are not the enterprise value nor business performance in the scope and content of Eder's invention.

As for enterprise value in Eder's scope and content, the following three components determine the operation value: revenue, expense and capital (in the cited section of Colum 11). Eder's invention is in line with the value based management, which aims to enhance company's value by increasing customers' willingness to pay (revenue), decreasing opportunity costs(expense) and minimize cost of capital. On the other hand, as applicants' invention is close to the dynamic capability in a sense its concern is in intrinsic potential, which is not necessarily reflected in the financial performances such as revenue nor capital related value.

Eder mentions that "the invention relates to a computer based system for evaluating the probable impact of user-specified or system generated changes in business value drivers on the other value drivers, the financial performance and the future value of a commercial enterprise. "In the cited section of Colum 10, Eder claims the data processing system using an income evaluation model based on the revenue component, expense component and capital component. On the other hand, applicants' invention of pending claims try to specify intrinsic potentialities, or organizational capabilities, which are not necessarily reflected in income.

The scope and content of Sakui et al (to be shortened Sakui) still remain within the field which tries to teach a business performance, based on capital related measures such as a probability distribution of a ratio of the value of the profit to an investment amount, etc. As for the disclosed variance and covariance matrix (Paragraphs 0133-0139), Sakui's intention is to estimate an expected return on investment (ROI), not to calculate the weights for each of the categories of business being tied to the identified classification of NEEDS machine. In short, Sakui's scope of "business performance" combined with capital market measures is different in scope and content of applicants' invention of the intrinsic organizational capability. Further, Sakui's use of covariance matrix is out of scope and content of applicants' use of calculating a component score for categories of businesses processed being tied to a specific database machine.

Ouimet's scope and content are also concerning calculating "a value " in a "strategic planning and optimization system" in the context of value based management mentioned later, which is different from applicants scope and content of "organizational capability and intrinsic value."

Sander's claims include steps of knowledge generation, communication and distribution, however their scope is limited to the "value enhancement" purpose.

Applicants' scope and content of invention are completely different from Koller's value based management. Koller's value based management says " the value of a company is determined by its discounted future cash flow. Value is created only when companies invest capital at returns that exceed the cost of that capital. VBM (Value Based Management) extends these concepts by focusing on how companies use them to make both major strategic and everyday operating decisions." On the other hand,

applicants' scope and content are limited to the index of organizational capability to innovate, or change itself, and the intrinsic value which is combined with the said index. Therefore, "value" in the applicants' invention is different from the "value" in the value based management, in a sense that both the index and the intrinsic value in the applicants' invention do not necessarily show up in the "value" combined with capital investment and discounted cash flow.

In sum, in rejecting applicants' claims, the examiner referred to other inventions concerning enterprise "value," which are based on value based management. Value based management consists of revenue, expense and capital, whose principle idea is to enhance a company's value of discounted cash flow. Such value based management is different in the scope and content of applicants' invention.

In addition, the content of the applicants' invention is based on 1) the inventor Inoue's more than twenty- year experience as a press who observed the dynamic change of industries and companies, 2) the inventor Ishikawa's experience as a press who observed the relationship among companies' behaviors, outcomes of behaviors reflected in companies' data, and the market reaction, and 3) the inventor Okada's academic research results on management. The applicants' invention was created by configuring knowledge in these fields. On the other hand, the level of " a person of ordinary skill" denotes the level of normal skills and knowledge of a particular field. We applicants respectfully state that the examiner's specification of the particular field, "value prediction" or "value based management," is different from applicants' invention. Therefore, a person of ordinary skill in the art cannot reach the applicants' invention by

modifying the disclosures of inventions which are outside the scope and content of applicants' invention.

AMENDMENT: NEW CLAIMS

Applicants replace original claims 1 and 2 with new claims 3-6 to overcome the 35 U.S.C. 112 rejection and the 35 U.S.C. 101 rejection.

3. (New)   An Intelligent Value Index calculation method for an enterprise, the method comprising:

calculating standardized data for categories of business within a specific domain of identified industry which is to be processed based on identified business classification of Nikkei Economic Electronic Database Systems (to be shortened, NEEDS) for each of a plurality of enterprises using a computer running application software, the categories of business comprising:

a technical and scientific innovation ability;

a relationship with customers and suppliers;

a productivity of employees;

a usability of facilities;

an expected future return to be generated by intellectual activities;

and

a market viewpoint of said enterprise, wherein average measures and standard deviations for each of the categories of business to be processed within a specific domain of industry whose identification is tied to identified classification of NEEDS are stored in a database for each of said plurality of enterprises;

subjecting the standardized data for each of the categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS to principal component analysis processing based on a variance covariance matrix using said computer running application software to calculate a principal component score for each of the categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS in a model; and

calculating a numerical measures for each of said plurality of enterprises in said model by multiplying the categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS by the calculated principal component score for each of the categories of business to be processed within a specific domain of identified industry whose identifications are tied to identified classification of NEEDS and summing the resulting measures for each of the categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS for said enterprise as intellectual potentialities.

4. (New) The Intelligence Value Index calculation method according to claim 3, further comprising an estimated intrinsic value by

subjecting the standardized data for said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS to principal

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component analysis processing based on a variance covariance matrix using said computer running application software to integrate said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS in a plurality of models;

calculating a numerical measure for each of said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS in said model by multiplying said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS by the calculated principal component score for each of said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS and summing the resulting measures for each of said technical and scientific innovation ability, said relationship with customers and

suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS for said enterprise;

performing multiple regression analysis by the backward elimination method on each of said numerical measures calculated for said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS to determine a regression coefficient;

calculating a standardized data estimated intrinsic value by multiplying said numerical measure calculated for each of said technical and scientific innovation ability, said relationship with customers and suppliers, said productivity of employees, said usability of facilities, and said expected future return to be generated by intellectual activities categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS and said regression coefficient;

calculating an average aggregate market value and a dispersion measure for a specific domain of identified industry whose identification is tied to identified classification of NEEDS, wherein said domain of identified industry comprises one of:

textile/ceramics;

chemical;

advanced complex technology;

pharmaceutical;

foods;

machinery, transportation and shipbuilding;

paper and pulp; and

other manufacturing activities; and

calculating said estimated intrinsic value by multiplying said standardized data estimated

intrinsic value by said dispersion measure for said domain of identified industry whose

identification is tied to identified classification of NEEDS and adding or deducting said

average aggregate market.

5. (New)   The intelligence Value Index calculation method according to claim 3, further

comprising calculating said principal component score for each of the categories of

business to be processed within a specific domain of identified industry wherein whose

identification is tied to identified classification of NEEDS in a plurality of models and

selecting the model having more positive index measures for said principal component

scores for each of the categories of business to be processed within a specific domain of

identified industry whose identification is tied to identified classification of NEEDS than

other models of said plurality of models.

6. (New)   The Intelligence Value Index calculation method according to claim 3,

wherein the highest numerical measure calculated for an enterprise of said plurality of

enterprises is set to equal 100 and the numerical measures for each enterprise of said

plurality of enterprises is adjusted accordingly.

7. (New) The Intelligence Value Index calculation method according to claim 3, wherein each of the categories of business to be processed within a specific domain of identified industry whose identification is tied to identified classification of NEEDS; wherein modifications of said identification, if necessary, are only performed tied to NEEDS identification with a permission of Nikkei Inc. and Nikkei Digital Media, Inc; wherein NEEDS is a database system created, and administered exclusively, by Nikkei Inc. and Nikkei Digital Media, Inc.

8. (New) The Intelligence Value Index calculation method according to claim 4, wherein a specific domain of industry identification is tied to identified classification of NEEDS; wherein modifications of said identification, if necessary, are only performed tied to NEEDS identification with a permission of Nikkei Inc. and Nikkei Digital Media, Inc; wherein NEEDS is a database system created, and administered exclusively, by Nikkei Inc. and Nikkei Digital Media, Inc.

9. (New) The Intelligence Value Index calculation method according to claim 3, wherein the application software is SPSS.

CONCLUSION

Each of the rejections that had been adopted or adopted as modified should be overcome by the arguments presented above. Reconsideration and withdrawal of each of the rejections are therefore appropriate and such actions are respectfully requested.

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